Forex reserve for infrastructure projects

3561. SHRI S. S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) the volume of foreign exchange reserve with RBI as on March 31, 2007 indicating composition thereof *viz.* proportion of FIIS' inflows, category-wise, export earnings, remittances by Indians employed overseas etc., and their details as on March 31. 2004;

(b) whether Government have decided to deploy forex reserve for funding infrastructure projects;

(c) if so, the details thereof elucidating the *modus operandi* thereof;

(d) whether the perceptions about potential benefits, demerits and risks involved in the venture have been duly weighed;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) India's stock of foreign exchange reserves was US $ 112.96 billion on March 31, 2004 which increased to US $ 199.18 billion on March 31, 2007.

The sources of accretion to foreign exchange reserves during 2003-04 (April-March) and 2006-07 (April-December) by the categories mentioned are given below:

Sources of accretion (US $ billion)

Category	2003-04	2006-07(P) (Apr.-Dec.)
***Current account balance (BoP)**	8.7	-11.8
Breakup of net flows (of categories mentioned)		
1. Export earnings	66.3	91.3
2. Private remittances	22.2	19.6

***Capital account net (BoP)**

Breakup of net flows (of categories mentioned)		
1. FII inflows (net)	10.9	3.2

P: Provisional: BoP-Balance of Payments

(b) The Budget 2007-08 has mentioned:

> "A committee chaired by Shri Deepak Parekh has made a number of recommendations for financing infrastructure. One of the recommendations is to use a small part of the foreign exchange reserves without the risk of monetary expansion. The Committee has suggested the establishment of two wholly-owned overseas subsidiaries of HFCL with the following objectives: (i) to borrow funds from the RBI and lend to Indian companies implementing infrastructure projects in India, or to co-finance their ECBs for such projects, solely for capital expenditure outside India; and (ii) to borrow funds from the RBI, invest such funds in highly rated collateral securities, and provide 'credit wrap 'insurance to infrastructure projects in India for raising resources in international markets. The loans by RBI to these two subsidiary companies will be guaranteed by the Government of India and the RBI will be assured of a return higher than the average rate of return on its incremental investment".

(c) The Budget 2007-08 has further stated: "Government proposes to examine the legal and regulatory aspects of the recommendation, in consultation with RBI, in order to find an innovative method of enhancing the financial resources for infrastructure".

(d) The perceptions about potential benefits, demerits and risks involved in the above venture would be duly weighed after the receipt of the final report of Deepak Parekh Committee.

(e) and (f) Do not arise.

Court cases pending against banks on bogus Caste Certificate

3562. SHRI PRAVEEN RASHTRAPAL: Will the Minister of FINANCE be pleased to state: